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CBG 007/2565

13 May 2022

Subject Management discussions and analysis for 3-month period ended 31 March 2022

To Directors and Manager

The Stock Exchange of Thailand

We, Carabao Group Public Company Limited, are pleased to submit management discussions and analysis regarding consolidated financial performance and position of the Company and subsidiaries (the “Company” or “CBG”) for 3-month period ended 31 March 2022 in comparison with the corresponding period last year as follows:

Consolidated financial performance

1. Revenue from sales

Total revenue from sales amounted to THB 4,783 million, up by 18.7% YoY. Of which, revenue from 3rd party products for distribution amounted to THB 1,417 million, up by 100.7% YoY, as a result of effective coverage through our cash van operations, coupled with continuous improvements in product selection and quality. Other revenue from sales amounted to THB 257 million, up by 305.9% YoY, which was mainly derived from producing and selling glass bottles to outside parties. Such diversification came into play and offset slowdown in our sales of branded own products.

Revenue from sales by product group Unit: THB million	1Q2021	% to total	4Q2021	% to total	1Q2022	% to total	%YoY	%QoQ
Branded products by own manufacture 1/	3,150	78%	2,843	65%	2,988	62%	-5.1%	5.1%
Branded products by 3rd party's manufacture 2/	111	3%	138	3%	121	3%	8.8%	-12.9%
3rd party's products for distribution	706	18%	1,166	27%	1,417	30%	100.7%	21.5%
Others	63	2%	234	5%	257	5%	305.9%	9.7%
Total	4,030	100%	4,382	100%	4,783	100%	18.7%	9.2%

Note: 1/ Energy Drinks, Zinc-contained Drinks, and Functional Drinks

2/ Drinking Water, 3-in-1 Coffee and RTD Coffee

Revenue from sales by geography Unit: THB million	1Q2021	% to total	4Q2021	% to total	1Q2022	% to total	%YoY	%QoQ
Domestic	2,223	55%	3,077	70%	3,067	64%	38.0%	-0.3%
Overseas	1,808	45%	1,305	30%	1,716	36%	-5.1%	31.5%
CLMV	1,484	37%	1,116	25%	1,513	32%	2.0%	35.6%
China	210	5%	13	0%	60	1%	-71.3%	373.2%
UK	20	0%	37	1%	45	1%	122.5%	20.3%
Others	93	2%	139	3%	98	2%	4.4%	-29.8%
Total	4,030	100%	4,382	100%	4,783	100%	18.7%	9.2%



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1.1) Sales of branded own products amounted to THB 2,988 million, down by -5.1% YoY. Domestic and overseas portions were at the ratio of 43:57, respectively.

(1.1.1) Domestic sales were THB 1,275 million, down by -5.0% YoY, due mainly to a drop in our sales of Carabaodang energy drinks amidst the Thai energy drink market that experienced an overall contraction of -6.7% YoY.

(1.1.2) Overseas sales were THB 1,713 million, down by -5.2% YoY, in the prevailing environment where the Covid-19 pandemic continued with considerable impacts on demand and competitive landscape.

Our export sales to the CLMV countries increased by 2.0% YoY. It was mainly due to Myanmar that went up by 49.5% YoY. Cambodia, on the other hand, remained in slowdown period since last year and posted a drop of -9.8% YoY during 1Q2022.

Our export sales to China decreased by -71.3% YoY. As a result of change in regulations concerning packaging materials used for products exported to the country, we took time redesigning and putting together the info printed on the packaging materials as required. However, we have managed to finish in compliance with such a mandatory change and we resumed productions for export to our business partner in China since late March 2022.

Sales in the United Kingdom by our subsidiary namely Intercarabao Company Limited (“ICUK”) were up by 122.5% YoY, following an expansion of both existing modern trade chains and new adds.

1.2) Sales of 3rd party products for distribution were THB 1,417 million, up by 100.7% YoY. Key contributing factors included variety and quality of products we carried in the portfolio as well as effectiveness in managing our fleet of over 300 cash vans to access over 180,000 retailers countrywide.

1.3) Sales of branded product by 3rd party's manufacture were THB 121 million, up by 8.8% YoY, which was attributed to our sales of drinking water and RTD coffee.

1.4) Other sales were THB 257 million, up by 305.9% YoY, with the vast majority being manufacture and sales of glass bottles by our subsidiary namely Asia Pacific Glass Company Limited (“APG”). As a result of our business partner's attempt to expand and launch new products in foreseeable term, APG benefited from an increasing number of purchase orders for glass bottles.



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2. Gross profits and gross profits margin

Gross profits amounted to THB 1,466 million, down by -5.7% YoY, which were equivalent to gross profits margin of 30.7% versus 38.6% a year ago. Such a decrease resulted from change in product mix. Sales of branded own products declined in proportion to which they accounted for 62.5% of total revenue from sales versus 78.2% a year ago. Raw materials and packaging materials used for our productions also hiked up in price, especially the market price for aluminum coils.

Gross profits by product group Unit: THB million	1Q2021	GPM	4Q2021	GPM	1Q2022	GPM	%YoY	%QoQ
Branded products by own manufacture 1/	1,473	46.7%	1,167	41.1%	1,202	40.2%	-18.4%	3.0%
Branded products by 3rd party's manufacture 2/	15	13.8%	18	12.9%	14	11.3%	-11.2%	-24.1%
3rd party's products for distribution	42	6.0%	93	7.9%	142	10.0%	234.2%	53.3%
Others	25	39.1%	100	42.9%	108	42.4%	340.0%	8.5%
Total	1,555	38.6%	1,378	31.4%	1,466	30.7%	-5.7%	6.4%

Note: 1/ Energy Drinks, Zinc-contained Drinks, and Functional Drinks

2/ Drinking Water, 3-in-1 Coffee and RTD Coffee

3. Selling, general and administrative (SG&A) expenses

SG&A expenses amounted to THB 727 million, up by 0.1% YoY, representing the SG&A to total revenue from sales ratio of 15.2% versus 18.0% a year ago.

Selling and Administrative expenses Unit: THB million	1Q2021	% to sales	4Q2021	% to sales	1Q2022	% to sales	%YoY	%QoQ
Selling expenses	474	11.8%	450	10.3%	475	9.9%	0.3%	5.7%
Sponsorship fees	72	1.8%	69	1.6%	66	1.4%	-7.8%	-3.1%
Selling without sponsorship fees	402	10.0%	381	8.7%	409	8.5%	1.7%	7.2%
Administrative expenses	252	6.3%	261	6.0%	251	5.3%	-0.3%	-3.6%
Total SG&A	726	18.0%	711	16.2%	727	15.2%	0.1%	2.2%

Selling expenses amounted to THB 475 million, up by 0.3%, representing 9.9% of total revenue from sales versus 11.8% a year ago. Of which, sponsorship fees were THB 66 million, down by -7.8% YoY, as a result of the contract signed for Chelsea Football Club (CFC) coming to the end during mid 2021.

Administrative expenses amounted to THB 251 million, down by -0.3% YoY, representing 5.3% of total revenue from sales versus 6.3% a year ago.

4. Financial expenses

Financial expenses amounted to THB 25 million, up by 14.8% YoY, due to higher portion of long-term borrowings in attempts to safeguard against interest rate risks.



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5. Corporate income tax expenses

Corporate income tax expenses amounted to THB 112 million, down by -24.0%, representing the effective tax rate of 14.8% versus 17.5% a year ago.

6. Net profits and net profits margin

Net profits attributed to our shareholders amounted to THB 660 million, down by -5.7%, due mainly to change in product mix and price hikes for raw materials and packaging materials among other factors as described above.

Consolidated financial position as of 31 March 2022 in comparison with the same as of 31 December 2021

Assets

Total assets as of 31 March 2022 and 31 December 2021 were THB 19,250 million and THB 19,186 million, respectively. An increase of THB 64 million derived mainly from (1) THB 85 million increase in account receivables and (2) THB 58 million increase in cash and cash equivalent.

Liabilities

Total liabilities as of 31 March 2021 and 31 December 2021 were THB 8,507 million and THB 9,075 million. That said a respective decrease of THB 567 million. Current liabilities were THB 5,134 million, down by THB 292 million, whereas non-current liabilities were THB 3,373 million, up by THB 275 million. Such a decrease in liabilities was due to repayment of short-term loans from financial institutions.

Shareholders' equity

Total shareholders' equity as of 31 March 2022 and 31 December 2021 were THB 10,743 million and THB 10,111 million, respectively. An increase of THB 632 million takes into account mainly the net profits generated during the period.

Yours sincerely,

Pongsarn Klongwathanakith

(Pongsarn Klongwathanakith)

Chief Financial Officer